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UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Adjustment Administration  
Alfred D. Stedman, Assistant Administrator  
Director, Division of Information,

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TO FARM JOURNAL EDITORS:

The following information is for your use.

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Specialists in Information.

FARM-STORED CORN LOANS PART OF 1935 CORN-HOG PROGRAM

Provision for Government loans on corn stored on the farm in surplus-producing areas definitely will be a part of the corn-hog adjustment program for 1935, it is announced by Administrator Chester C. Davis.

In a speech before the Illinois Agricultural Association at Quincy, Ill., Mr. Davis said that "provision for corn loans will be an essential part of our corn-hog program for 1935. Just as last year, only farmers who sign the corn-hog contract soon to be offered will be eligible for these loans. But by this I do not mean that the amount of the loan will be the same. The amount to be loaned per bushel this year has not been determined, and cannot be until later in the season, when the essential facts have developed in regard to probable production and feed requirements."

Although not a part of the 1935 corn-hog contract, a Government corn loan program which would be available next fall only to those producers and landlords who signed the 1935 corn-hog contract has been under consideration for several weeks, and loan agency arrangements and other details are being prepared.

"Since its inauguration in the fall of 1933, Government lending on farm-stored corn has proved very satisfactory and is now recognized as a valuable device for carrying surpluses from one year to another, provided that it is coupled with sound production control," said Dr. A. G. Black, chief of the corn-hog section of the Agricultural Adjustment Administration, when definite plans for the loan were announced.

"The corn loan program is an important supplement to the corn-hog adjustment program," he said. "It will aid contract signers in a financial way and will be an additional factor in steadying production and prices."

"In planning to make loans on farm-stored corn and by tying the loan program to production control, the Government is, in effect, inaugurating the 'ever-normal granary' policy," Dr. Black pointed out. "Contracting



producers are enabled to carry adequate reserve supplies over to following seasons, thus preventing excessive marketing of corn and depression of corn prices. In following adjustment programs corn plantings can be regulated in accordance with these storage supplies and by prospective future requirements.

"In event of anything like normal weather in 1935, there will be plenty of corn raised in this country for reserve supplies," he said. "The maximum acreage of corn which may be planted by contract signers was increased this year from 80 percent of the 1932-33 average acreage up to 90 percent of this two-year base in order that farmers might have such a margin. Besides, the contract signers have unlimited use of the acres shifted from corn."

The "ever-normal granary" plan would help materially in offsetting variations in yield per acre, due to weather, officials believe. Whatever kind of adjustment program is in effect, there always remains the factor of weather which, in any given year, is a variable that cannot be controlled. The weather factor tends to even up over a series of years and thus a sound farm-storage plan to hold over a part of the bumper crops from favorable years would assist in maintaining a fairly constant grain supply. With adequate reserves once established by means of an "ever-normal granary" plan, subsequent plantings could be fitted largely to the estimated current requirements based on effective demand outlook.

An important result of a farm-storage policy would be stabilization of the volume of fat livestock coming on the market, according to administration officials. In the past, production of large feed supplies, due to favorable weather, invariably has been followed by greater livestock production, almost without regard for the real demand situation. This shift usually continues until the price relationship between livestock and feed grain reaches a neutral point, that is, a point where the return from the hundredweight of livestock is no longer any greater than the cash price for the amount of grain that would be required to produce the hundredweight of livestock. This shifting about in production of livestock until the price relationship with feed grains is neutral, however, really gains nothing in the long run if production of both feed grains and livestock is overshooting demand.

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#### NO RESTRICTION ON FEEDER PIG PURCHASES

Farmers who sign the 1935 corn-hog adjustment contract will be permitted to purchase an unlimited number of pigs for feeding purposes from non-signers as well as contract signers. This ruling has been made by Secretary of Agriculture Henry A. Wallace. It becomes effective as of December 1, 1934.

In the original form the 1935 contract provided that the signer might buy this year an unlimited number of feeder pigs from other contract signers, but he was not permitted to buy from non-signers more feeder pigs than the average number purchased by him during the two-year base period, December 1, 1931, to November 30, 1933, inclusive.



Removal of all restrictions on the number of feeder pigs purchased in 1935 by contract signers is based on recommendations of a number of producers. It will expedite the movement of feeder pigs from contract signers in drought areas, for example, to contract signers in areas with adequate feed supplies by way of third parties at public livestock markets as well as by direct transfer. Until the new ruling was made, pigs bought from yard traders or other third parties at livestock markets were regarded as pigs purchased from non-signers---even though the pigs may have been delivered to the livestock market by contract signers. This technical limitation tended to hamper the movement of pigs from one region to another by way of the public livestock markets.

The removal of restrictions on the number of pigs that may be purchased by the contract signer in 1935 pertains to stocker and breeding hogs as well as to feeder pigs.

Contract signers who purchase feeder pigs are required to keep information with respect to (1) the date and place of each purchase, (2) the number of feeder pigs purchased, (3) the average weight of pigs at the time of purchase, (4) the method used in distinguishing feeder pigs from pigs farrowed on the farm, and (5) the name and address of the seller or person who delivered the feeder pigs.

Unless this evidence can be furnished at the time of checking compliance, and unless all feeder, stocker and breeding hogs purchased as well as hogs fed for others by contract signers are marked for identification, it will be assumed by corn-hog committeemen that such hogs have been produced for market from 1935 litters owned by the contract signer at the time of farrowing.

No adjustment payments are made to signers on feeder pigs they have purchased but the producer of the feeder pigs may be entitled to an adjustment payment if he is a contract signer.

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#### OVER \$182,000,000 TO COOPERATING CORN-HOG PRODUCERS

Adjustment payments totaling more than \$182,000,000 now have been made to farmers cooperating in the 1934 Corn-Hog Program, the Agricultural Adjustment Administration has announced in a preliminary report. With payments now going forward in increasing volume, second installment checks totaling \$3,643,962 were released for distribution to 62,065 producers on January 28.

Up to January 29, approximately \$136,197,000 in first installment payments had been distributed to 1,531,943 contract signers, while second installment checks representing about \$46,144,000 had been mailed to 734,147 cooperating producers. Approximately 50 percent of the second installment, estimated at \$92,000,000, has now been disbursed. Practically all first payment checks have been distributed. The preliminary report shows that second installment payments up to January 20 were made to producers in 36 states, as follows:



Alabama, \$35,108; Arkansas, \$140,074; California, \$242,768; Colorado, \$25,282; Delaware, \$4,810; Florida, \$17,410; Idaho, \$29,067; Illinois, \$3,323,704; Indiana, \$4,740,119; Iowa, \$11,865,380; Kansas, \$1,599,345; Kentucky, \$232,031; Maryland, \$45,505; Massachusetts, \$4,761; Michigan, \$104,366; Minnesota, \$1,499,576; Missouri, \$2,859,611; Montana, \$35,993; Nebraska, \$2,955,964; Nevada, \$4,349; New Mexico, \$1,408; New York, \$1,381; North Carolina, \$383; North Dakota, \$154,851; Ohio, \$2,893,962; Oklahoma, \$331,483; Oregon, \$17,519; Pennsylvania, \$8,134; South Dakota, \$1,679,226; Tennessee, \$168,918; Texas, \$363,875; Utah, \$13,289; Virginia, \$200,214; Washington, \$107,787; Wisconsin, \$1,274,138; Wyoming, \$1,377.

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#### PROGRAM WITH PROCESSING TAX ASKED FOR RICE

Establishment of a processing tax on rice and inauguration of a 1935 adjustment program for this basic commodity has been recommended to the Agricultural Adjustment Administration by a committee of rice growers. The committee has been in Washington for the last several days conferring with Adjustment Administration officials. The grower committee's recommendations include the following.

1. That a processing tax of 1 cent per pound be levied on rice, effective March 1, 1935, and that the tax be continued at this rate through the marketing year ending July 31, 1936.

2. That the marketing agreement and license for the Southern area be terminated at the date the processing tax becomes effective but that the prices specified in the marketing agreements be maintained by other means throughout the remainder of this season so that growers who sell after March 1 will receive at least as much as those who sell prior to that date.

3. That the floor stocks tax not be levied and that rice purchased at a price as high as or higher than that specified in the existing marketing agreements and licenses be exempted from the processing tax.

4. That the acreage allotment and production quota allocated to the Southern area in 1935 be approximately the same as that allotted in 1934, but that the acreage and allotments to individual growers be adjusted downward where satisfactory proof has been presented that growers have overstated their acreage and production during the base period; and that upward adjustments be made to take care of inequities found in the 1934 allotments, provided that the state allotments and quotas are not exceeded.

5. That a first adjustment payment be made on 85 percent of the quotas established for each grower after the acreage is checked in the summer of 1935.

6. That a second adjustment payment be made early in 1936 the amount of which would depend upon the processing tax revenues available after the first payment, export rebates, and administrative expenses have been deducted.



The Rice Section of the Adjustment Administration is now studying the growers' committee recommendations.

If a program is developed by the Administration for the Southern rice area which includes parts of Louisiana, Arkansas and Texas, a similar adjustment program will be offered the rice growers of California.

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#### NEW MILK LICENSE ISSUED FOR SAN DIEGO, CALIFORNIA

The issuance of a new milk license for San Diego, California, and the termination of the license issued December 14, 1933, in support of a then existing marketing agreement, has been announced by the Agricultural Adjustment Administration. The new license was signed by Secretary of Agriculture Henry A. Wallace. It went into effect February 1, simultaneously with the termination of the former license. The license was requested by the Milk Producers' Association of San Diego County and the Dairymen's League of San Diego County. Facts for the development of the license were secured at a public hearing at San Diego on December 18, 1934, and by studies of the market requirements by representatives of the Agricultural Adjustment Administration on the Pacific coast.

The license provides for the purchase of milk from producers by distributors on the classified use basis, with payments to producers on an established minimum price schedule on the base-surplus plan. It also provides a schedule of minimum resale prices on milk and cream, in line with prices under the existing Los Angeles license.

H. C. Darger, market administrator of the Los Angeles license, will also be market administrator for the San Diego area, having been approved by the agencies on the market.

According to the license schedule, distributors are obligated to pay producers f. o. b. the sales area for milk as follows: Class 1 milk, used in direct consumption, 67 cents a pound of butterfat; Class 2 milk, used for cream sales, the current average price per pound for wholesale 92 score butter at Los Angeles, plus 25 percent, plus 13 cents a pound of butterfat; Class 3 milk, used in ice cream manufacture, cottage cheese, buttermilk and flavored drinks, the average price of Los Angeles wholesale 92 score butter per pound, plus 25 percent, plus 7 cents a pound of butterfat. For Class 4 or excess milk, diverted for manufacturing purposes, the Los Angeles butter price plus one-fourth of one cent per pound of butterfat for each one cent that the current butter price is above 24 cents a pound, wholesale.

There is no actual increase on Class 1 milk price in the license above present average prices, but the formula used for Classes 2 and 3 milk results in somewhat higher prices to producers. However, these prices, including that for Class 2 or sweet cream, are thought to be well in line with fair competition so that cream producers in the Imperial Valley are in no way discriminated against.



Bases are established under the license for producers, subject to review by the market administrator. Milk within their delivered base supplied to the market by producer-distributors is excluded from the pool in proportion to their total sales in Classes 1, 2, 3 and 4, and any purchases they make from other producers or sales made to other distributors are separately accounted for according to the price schedule.

New producers are obliged to take the Class 3 price for the first six full delivery periods, or 90 days, after which they will receive bases and be recognized as other producers regularly on the market.

The expense of maintaining the supervisory services of the market administrator's office under the license is provided for by uniform deductions of not to exceed one-half cent per pound of butterfat, payable by all producers. Market services, such as check testing and weighing, general market information, and reasonable protection against failure of distributors to pay for milk, will be furnished to non-members of the existing cooperative associations at a rate of deduction not to exceed one cent per pound of butterfat, which is in line with deductions allowed by cooperative members for similar services.

The sales area specified in the license includes all of metropolitan and suburban San Diego, as well as Coronado Beach and the United States military reservations at Point Loma and North Island. The estimated population of the metropolitan area is about 175,000.

The minimum resale prices for milk and cream contained in the license are in line with practical conditions and identical with the prices set forth in the Los Angeles license.

The average daily volume of milk receipts in the San Diego market is about 10,200 gallons. Considerable cream is produced by specialized farms in the Imperial Valley for shipment to San Diego, under State Grade A cream requirements. There are about 31 producer-distributors with health permits and 120 wholesale milk producers supplying the market. Commercial pasteurizing distributors number 13, and about 76 percent of the milk consumed in the area is pasteurized. Milk and ice cream are exported regularly to Mexico from this area and considerable evaporated milk and butter are imported.

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#### CHANGE ADMINISTRATORS OF SEVERAL MILK MARKETS

The Agricultural Adjustment Administration has announced a number of changes in market administrators under existing milk licenses, effective February 1.

C. W. Humrickhouse is designated to be market administrator for the Indianapolis and Fort Wayne, Indiana, licenses. The termination of the service of Herman Christiansen for those areas is also announced. Mr. Christiansen has been appointed market administrator for the sales area under the Fort Worth, Texas, license. Mr. Humrickhouse has been



engaged in farming most of his life, and, in recent years, has been associated with the Indiana Farm Bureau and the Dairymen's Cooperative Association at Indianapolis. For the past few months he was assistant to Mr. Christiansen in supervising the milk licenses.

O. A. Jamison's service as market administrator at Forth Worth, Texas, is terminated as of February 1, and he will become market administrator in the New England markets of New Bedford, Fall River, Newport and Providence under existing Federal milk licenses. The termination of the service of Samuel W. Tator as market administrator for these New England markets is announced. Mr. Tator will confine his work to the Greater Boston market under the existing license there.

Harry C. Darger, market administrator for Los Angeles under the Federal license, has been named to act as administrator also for the San Diego milk license area.

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#### EVAPORATED MILK AGREEMENT AMENDMENT EXTENDED

The termination date of an amendment to the existing marketing agreement for the evaporated milk industry has been extended from January 31 to February 28 by special order of Secretary of Agriculture Henry A. Wallace, the Agricultural Adjustment Administration has announced.

The amendment increased the maximum wholesale prices of evaporated milk 20 cents per case and eliminated certain overage points on freight rates from the schedules, as a temporary adjustment in the terms of the agreement until a revised marketing agreement for the industry might be completed. A revised agreement has been submitted, but in no event can such revised agreement be made effective prior to March 1, 1935. The extension of the termination date merely permits the industry to continue under the terms of the amendment until the new agreement is in effect.

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#### 1935 FIRE-CURED AND DARK AIR-CURED TOBACCO SUPPLIES

The 1935 crop of fire-cured and dark air-cured tobacco to be offered for sale will likely be somewhat smaller in volume than the total sales of the 1934 crop of these types, according to a statement made today by J. B. Hutson, Chief of the Tobacco Section of the Agricultural Administration. The Tobacco Section has been in close touch with developments in the fire-cured and dark air-cured regions since the markets opened, and has conferred during the past week with a committee of growers from these areas.



Mr. Hutson said: "The acreage and production allotment to contracting growers of fire-cured and dark air-cured tobacco in 1934 was 75 percent of the base. Very favorable growing conditions in most of the dark tobacco areas made for yields above normal in 1934. Partly because of this and partly because of the apparent demand in foreign markets for more lug grades than might otherwise have been marketed, it was decided to permit contracting growers to sell up to an additional 15 percent of their allotted production in 1934 on condition that their second adjustment payment would be proportionately reduced.

"The acreage and production allotments in 1935 will be 80 percent of the base, but this small possible increase over the 1934 plantings of contracting growers will likely be more than offset by other factors.

"It is now estimated that the total 1934 crop sales of fire-cured tobacco will be between 15 and 20 million pounds less than world consumption last year, and that sales of the 1934 crop of dark air-cured tobacco will be about 10 million pounds less than was consumed last year. Many growers of dark tobacco who did not reduce production in 1934 have already agreed to reduce plantings in 1935, and yields which were well above normal in most sections in 1934 may not be as large this year. Therefore, we anticipate that the 1935 crop of fire-cured and dark air-cured tobacco that can be sold will be somewhat smaller in volume than the total sales of the 1934 crop of these types. This should mean that sales of dark types next season will again be under consumption level and should result in further substantial reduction in stocks.

"The 1935 acreage of contracting growers will be carefully checked to see that it does not exceed 80 percent of the base. If, when this is done, the production of some growers is above the allotted production, the excess acreage will be destroyed. In order to avoid the destruction of excess plantings, contracting growers are advised to plan for an acreage this year about equal to their allotments in 1934. By doing that, they will have a margin of 5 percent to take care of differences in their measurements and the measurements of those who check the acreage. In addition, a reduction slightly below the allotted acreage would tend to prevent production from exceeding the poundage allotments next season."

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#### FEBRUARY 9 TO CLOSE SIGNING SUGAR CONTRACTS

February 9 has been set as the closing date for the signing by farmers of sugarcane production adjustment contracts in Louisiana and of sugar beet production adjustment contracts in all States, except Ohio, Indiana and Washington, the Agricultural Adjustment Administration



has announced. The closing date for signing sugar beet contracts in Ohio, Indiana and Washington is February 16. Field workers report that a majority of eligible farmers have already signed contracts and that the next 10 days will be used to complete the work.

The closing date for the sugar beet campaign applies only to the signing of production adjustment contracts and does not refer to purchase contracts which growers enter into with beet sugar factories, sugar section officials explained. Completion of the sign-up campaign by February 9 is essential in order that individual acreage allotments may be computed and growers given this information which they need in making their contracts with the factories.

A somewhat different procedure is used in making allotments to Louisiana sugarcane producers. However, in order that these allotments may be computed as soon as possible, it is essential that all of the Louisiana contracts be signed by February 9, Sugar Section officials said.

It is expected that a total of 100,000 production adjustment contracts will be signed in the campaign. Of those already signed, approximately 20,000 have been forwarded to Washington for auditing and payment. Field workers are checking contracts carefully before forwarding them. Because of this preliminary check-up many contracts have not yet reached Washington.

States in which farmers are signing sugar beet adjustment contracts include: California, Montana, Iowa, Indiana, Ohio, Colorado, Idaho, Illinois, Kansas, Michigan, Minnesota, Nebraska, North Dakota, South Dakota, Utah, Washington, Wisconsin, Wyoming and New Mexico.

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#### SUGAR SECTION STATISTICS COVERING 11-MONTH PERIOD

The Sugar Section of the Agricultural Adjustment Administration has issued a summary statement of sugar statistics obtained directly from cane refiners, beet sugar processors, and other primary sources of information, covering the period January-November, 1934.

The summary statement is based upon statistics obtained in the administration of the Jones-Costigan Act, which requires the Secretary of Agriculture to determine consumption requirements and establish quotas for various sugar producing areas. The last statement covered the January-October period and was issued on January 11, 1935. Overquota sugars held by refiners are included in the current report.



SUGAR STATISTICAL REPORTS

Report No. 4

Period: January 1 - November 30, 1934

Table 1

Raw sugar: Refiners' stocks, receipts, meltings and deliveries for direct consumption January 1 - November 30, 1934 1/ (in short tons raw sugar value.)

Source of supply	Stocks on Jan.1,1934	Receipts	Meltings	Deliveries for direct consumption	Lost by fire, etc.	Stocks on Nov. 30, 1934.
Cuba	82,080	1,168,689	1,106,157	6,522	896	137,194
Hawaii	47,099	885,327	887,486	4,579	1	40,360
Puerto Rico	0	723,417	716,314	197 <u>2/</u>	17	6,889
Philippines	12,327	1,182,157	1,039,871	3,477 <u>2/</u>	8	151,128
Continental	33,469	127,698	140,981	203	0	19,983
Virgin Islands	0	5,095	5,095	0	0	0
Other areas	2,812	24,423	27,223	12	0	0
Miscellaneous (sweepings, etc.)	<u>2</u>	<u>701</u>	<u>703</u>	<u>0</u>	<u>0</u>	<u>0</u>
	177,789	4,117,507	3,925,830	14,990	322	355,554

1/ Compiled in the A.A.A. Sugar Section from reports submitted on form SS-15A by 16 companies representing 22 refineries. The companies are:

American Sugar Refining Co.	Imperial Sugar Co.
Arbuckle Brothers	W.J.McCahan Sugar Refining & Molasses Co.
J. Aron & Co., Inc.	National Sugar Refining Co. of New Jersey
California & Hawaiian Sugar Refining Corp., Ltd.	Ohio Sugar Co.
Colonial Sugars Co.	Pennsylvania Sugar Co.
Godchaux Sugars, Inc.	Revere Sugar Refinery
William Henderson	Savannah Sugar Refining Corporation
	Sterling Sugars, Inc.

Western Sugar Refinery

This report includes all the refineries in the United States with the exception of 3 Louisiana refineries melting only Louisiana raw sugars, the aggregate output of which is relatively small. Revisions have been made in the January - October figures in accordance with information received since the January - October Report was issued. All over-quota raw sugars held by refiners are included in this table.

2/ Includes small items which may not have gone directly into consumption.



Table 2

Stocks, production, and distribution of cane and beet sugar by  
United States refiners and processors  
January - November 1934  
(in terms of short tons refined value)

	<u>Refiners 1/</u>	<u>Domestic beet factories</u>	<u>Refiners and beet factories</u>
Initial stock of refined	369,234	1,336,598	1,705,832
Production	3,696,275	1,085,517	4,781,792
Deliveries	3,694,825 <sup>1/</sup>	1,355,450 <sup>2/</sup>	5,050,275 <sup>3/</sup>
Final stocks of refined	370,684	1,066,665	1,437,349

Compiled by the A.A.A. Sugar Section from reports submitted by refiners. Cane sugar refined by three Louisiana refineries, the aggregate output of which is relatively small, is not yet included in this summary.

1/ Deliveries include sugar delivered against sales for export. Department of Commerce reports of exports of refined sugar amounted to 112,445 tons during these 11 months.

2/ Larger than actual deliveries by a small amount representing losses in transit, through reprocessing, etc. Includes delivery of 3,800 tons to the Federal Surplus Relief Corporation.

3/ Equivalent to 5,403,794 short tons 96° raw sugar.

Table 3

Receipts of direct consumption sugar from specified areas  
January - November 1934

<u>Origin of Sugar</u>	<u>Quantity in short tons refined sugar equivalent</u>
Hawaii	17,642
Puerto Rico	93,620
Philippines	64,255 <sup>1/</sup>
Cuba	395,374 <sup>2/</sup>
	570,891

<sup>1/</sup> Revised

<sup>2/</sup> Quantity of quota sugar upon which duty has been paid.

